



State of Arizona
Department of Education

Tom Horne
Superintendent of
Public Instruction

MEMORANDUM

TO: Selected Institutions of Higher Education and Other Nonprofit Organizations

FROM: Audit Resolution

DATE: May 31, 2004

The Arizona Department of Education (ADE) is required to determine which sub-grantees of federal funds are subject to federal audit requirements. Entities that do not submit an Annual Financial Report (AFR) to ADE must complete an annual Audit Evaluation form.

The U.S. Office of Management and Budget (OMB) indicates in its "Audits of Institutions of Higher Education and Other Nonprofit Institutions" of Circular A-133, issued June 30, 1997, that all *nonprofit* organizations that *expend* \$300,000 (\$500,000 beginning 7/1/04) or more in federal financial assistance during any fiscal year have an independent audit. Federal financial assistance includes awards, grants, contracts, loans, guarantees, direct appropriations, or non-cash assistance received directly from federal agencies or departments or "passed through" state or local governments or another nonprofit organization.

Since funds from *all* federal sources must be considered, the enclosed evaluation has been developed to assist in the determination of the audit requirements for your entity. Please complete and return this evaluation to the ADE Audit Resolution Unit by U. S. Mail prior to *November 30, 2004*.

For those who HAVE expended \$300,000 (\$ 500,000 beginning 7/1/04) or more in federal funds as recorded on Page 2 of the evaluation, and it is determined that your agency/organization meets the Circular A-133 audit requirements, a copy of your annual audit must be sent to ADE Audit Resolution. Please note that if you have received a FY 2003 A-133 audit, a copy of that report may be sent to ADE in lieu of completing the evaluation. The ADE Program Offices may substitute an independent A-133 audit of your organization for a required programmatic audit. *If the A-133 audit will not be completed by November 30, 2004, complete and return the audit evaluation form.*

If you have received federal funds from sources other than ADE and have questions about your organization's audit obligations under Circular A-133, you may wish to contact the grantor of those federal funds or your independent auditor.

For assistance in completing the required evaluation, please contact the Audit Resolution Office at (602) 542-4271. Thank you for your prompt assistance in completing and returning this evaluation.